



DONELAN CLEARY
WOOD & MASER, P.C.

RECORDATION NO. 21892 FILED

DEC 22 '98

2-46 PM

December 22 1998

New Recordation No.

Dear Mr. Williams:

On behalf of Flex Leasing I, LLC, I submit for filing and recording under 49 U.S.C. § 11301(a) and the regulations applicable thereunder, executed counterparts of a primary document, not previously recorded, entitled Memorandum of Lease ("Lease").

The parties to the enclosed Lease are:

Flex Leasing I, LLC - LESSOR
Suite 300
234 Front Street
San Francisco, CA 94111

Southern Railway of British Columbia Limited - LESSEE
2102 River Drive
New Westminster, BC V3M 6S3
Canada

The said Lease, among other things, acts to lease the equipment listed in Annex A to the Lessee by the Lessor.

The equipment covered by the instant Lease is as identified in Annex A thereto.

A short summary of the Lease to appear in the Surface Transportation Board Index is as follows:

"Covers 60 flatcars, SRY 286000-286059 as listed in Annex A."

Please enter under this Recordation No. the following cross-index reference:

"See Recordation No. 21 888."

Enclosed is a check in the amount of fifty-two dollars (\$52.00) in payment of the filing fee (\$26.00) and the cross indexing fee (\$26.00).

Once the filing has been made, please return to bearer the stamped counterpart(s) of the document not required for filing purposes, together with the

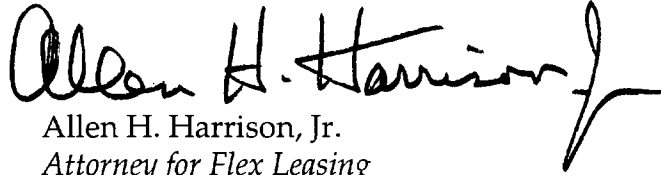
ATTORNEYS AND COUNSELORS AT LAW

1100 New York Avenue, Suite 750, N.W., Washington, D.C. 20005-3934, Tel: 202-371-9500, Fax: 202-371-0900

Counterpart - C. Williams

letter/fee receipt from the Surface Transportation Board acknowledging the filing, and the two extra copies of this letter of transmittal.

Very truly yours,

A handwritten signature in black ink, reading "Allen H. Harrison, Jr.", with a stylized flourish at the end.

Allen H. Harrison, Jr.
*Attorney for Flex Leasing
I. LLC, for the purpose
of this filing.*

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423
Enclosures

BY HAND

8207-020

SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C. 20423-0001

OFFICE OF THE SECRETARY

Allen H. Harrison, Jr.

Date: 12/22/98

DCWM

1100 New York Avenue, NW., Ste. 750
Washington, DC., 20005-3934

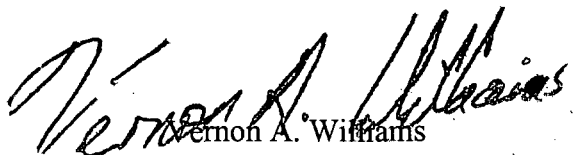
Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of 49 U.S.C. 11301

and 49 CFR 1177.3(c), on 12/22/98 at 2:46 PM , and

assigned recordation number(s). 20455-B, (1 cross index), 21093-A(1-cross index,
21093-B(1 cross-index), 21094-C (1 cross-index),21095-A(1 cross-index) 21096-A
(1 cross- index), 21097-C (1 cross- index), 21125-A (1 cross-index), 21208-C
(1 cross-index), 21708-A, (1 cross-index), 21889,(1 cross-index), 21890,(1 cross-index),
(21891,(1 cross-index) and 21892,(1 cross-index).

Sincerely Yours,


Vernon A. Williams

Enclosure(s) (31)

806.00

\$_____ The amount indicated at the left has been received in payment of a fee in
connection with a document filed on the date shown. This receipt is issued for the amount
paid. In the event of an error or any questions concerning this fee, you will receive a
notification after the Surface Transportation Board has an opportunity to examine your
document.

Signature-----

MEMORANDUM OF LEASE DEC 22 '98

2-46 PM

FLEX LEASING I, LLC, a Delaware limited liability company ("Lessor") having its chief executive office at 234 Front Street, Suite 300, San Francisco, California 94111, as successor lessor by assignment from Flex Leasing Corporation, a Delaware corporation ("Flex"), having its chief executive office at 234 Front Street, Suite 300, San Francisco, California 94111, is a party to a certain lease agreement dated as of December 8, 1998 with **SOUTHERN RAILWAY OF BRITISH COLUMBIA LIMITED** ("Lessee"), having its chief executive office at 2102 River Drive, New Westminster, British Columbia V3M 6S3, covering the railcars listed on Annex A attached hereto.

FLEX LEASING I, LLC

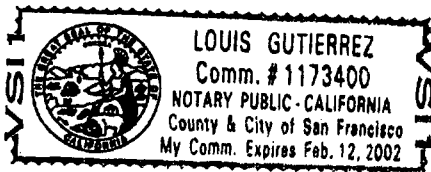
Desmond Hayes
Desmond Hayes
President

STATE OF CA)
COUNTY OF SF) ss:

On this 18th day of December, 1998, personally came before me, Desmond P. Hayes, who, being by me duly sworn, says he is President of Flex Leasing I, LLC and that said writing was signed on the date hereof by him on behalf of said corporation by its authority duly given. And the said President acknowledged the said writing to be the act and deed of said corporation.

Witness my hand and notarial seal this 18th day of December, 1998.

SEAL



Louis Gutierrez
Notary Public
My Commission Expires: 2/12/2002

ANNEX A

Description of Equipment

Sixty (60) Newly-built 73' centerbeam railcars, 110 ton capacity, 286,000 lb. gross rail load numbered

SRY 286000 through 286059 inclusive